

**CONTRACT #3**  
**RFS # 317.15-003**

**Department of Finance  
& Administration  
Division of Health Planning**

**VENDOR:**  
**Volunteer State Health  
Plan, Inc.**



RECEIVED

JUN 13 2006

FISCAL REVIEW

STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF HEALTH PLANNING

312 Eighth Avenue North  
Suite 1200 William R. Snodgrass Building  
Nashville, Tennessee 37243-0287  
Phone (615) 253-2861 Fax (615) 532-6950

DAVE GOETZ  
COMMISSIONER

LAURIE LEE  
DIRECTOR

MEMORANDUM

**TO:** Jim White, Executive Director, Fiscal Review Committee

**FROM:** Laurie Lee

**DATE:** June 12, 2006

**RE:** Express Scripts Amendment 6 to Contract FA-06-16458 and  
Volunteer State Health Plan, Inc. Amendment 1 to contract FA-06-16648-00

Please find attached two Non-Competitive Amendment requests. In both cases, copies of the draft amendments are attached, along with previously approved or pending amendments.

The first is a request is Amendment 6 to the Express Scripts contract. This Amendment establishes a work order to communicate the extension of the pharmacy assistance program for TennCare disenrollees through the end of the calendar year (December 31, 2006). The vendor will send three sets of communications to program enrollees with the extension date and reminders about the program components. This Amendment will inform current program participants of their ability to continue accessing needed prescription drugs until a successor pharmaceutical assistance program is established January 1, 2007. Using the existing program contract minimizes confusion to program participants and leverages the current program enrollment systems.

The second request is Amendment 1 to the Volunteer State Health Plan, Inc. This Amendment extends the existing program that provides medical and pharmacy assistance to those who received solid organ transplants under either TennCare or Medicare and who were disenrolled as part of the TennCare reform process. The Amendment extends the contract through August 31, 2007 at which time new program options will be available through the various Cover Tennessee initiatives. Extending the existing contract minimizes confusion to the enrollees and maximizes the existing program infrastructure.

I am happy to answer any questions regarding this request. Thank you for your consideration.

# REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance &amp; Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.15-003-05	
2) State Agency Name :	Health Planning	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Safety Net Transplant Assistance	
4) Contractor :	Volunteer State Health Plan, Inc.	
5) Contract #	FA-06-16648-00	
6) Contract Start Date :	09/01/05	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	08/31/06	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$5,000,000	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	1	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	08/31/06	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	08/31/07	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$5,000,000	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service:		
This Amendment extends the current transplant program through August 31, 2007, under the current contract terms and within the current maximum liability.		
15) Explanation of Need for the Proposed Amendment:		
This Amendment provides continuation of vital medical and pharmacy assistance to those who received solid organ transplants under		

the Medicare or TennCare programs and who were disenrolled as part of the TennCare reform process. This extension provides a bridge for these individuals as new coverage programs are implemented through Cover Tennessee for which these individuals may be eligible.

**16) Name & Address of Contractor's Current Principal Owner(s) :**  
(not required if proposed contractor is a state education institution)

Volunteer State Health Plan, Inc.

801 Pine Street

Chattanooga, TN 37402-2555

**17) Documentation of Office for Information Resources Endorsement :**  
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**18) Documentation of Department of Personnel Endorsement :**  
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**19) Documentation of State Architect Endorsement :**  
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives:**

The Department determined that the most expeditious and cost-effective approach to provide this service was through the existing contract.

**21) Justification for the Proposed Non-Competitive Amendment:**

Because this Amendment continues the provision of vital drugs and services until new program options are available, the Department determined that a non-competitive Amendment to the current agreement was the best alternative. This option minimizes disruption and confusion to the population and maximizes the existing infrastructure for program implementation and communication. The Department saves both money and time by using the current vendor for this additional service, which benefits the disenrollees and the State.

**REQUESTING AGENCY HEAD SIGNATURE & DATE :**

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Agency Head Signature

Date

**AMENDMENT 1  
TO CONTRACT FA-06-16648-00**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and Volunteer State Health Plan, Inc, hereinafter referred to as the "Contractor," is hereby amended as follows:

1. Delete the following Sections.

**DRAFT**

Delete Section B.1. in its entirety and insert the following in its place:

- B.1. Contract Term. This Contract shall be effective for the period commencing on September 1, 2005 and ending on August 31, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

Delete Section C.3. in its entirety and insert the following in its place:

- C.3. Payment Methodology. For the period September 1, 2005 through December 31, 2005, the Contractor agrees to provide the administrative services required under this Contract for no charge to the State. The Parties hereby agree that the State will pay the Contractor an administrative fee of \$25.00 per member per month for the period of January 1, 2006 through August 31, 2007 for all individuals serviced by the Contractor pursuant to the terms of this agreement.

As for claims payments, the Contractor shall submit semi-monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Payment of claims by the State shall be for reimbursement of actual costs of the claims on or before December 31, 2005 and for actual costs of the claims and administrative fees pursuant to this contract after December 31, 2005.

***[remainder of page intentionally left blank]***

IN WITNESS WHEREOF:

Volunteer State Health Plan, Inc.:

\_\_\_\_\_  
[NAME AND TITLE]

**DRAFT**  
\_\_\_\_\_  
Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:

\_\_\_\_\_  
[NAME AND TITLE]

\_\_\_\_\_  
Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

\_\_\_\_\_  
M. D. Goetz, Jr., Commissioner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

COMPTROLLER OF THE TREASURY:

\_\_\_\_\_  
John G. Morgan, Comptroller of the Treasury

\_\_\_\_\_  
Date



**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF HEALTH PLANNING**

312 Eighth Avenue North  
Suite 1200 William R. Snodgrass Building  
Nashville, Tennessee 37243-0287  
Phone (615) 253-2861 Fax (615) 532-6950

**DAVE GOETZ  
COMMISSIONER**

**LAURIE LEE  
DIRECTOR**

**MEMORANDUM**

**TO:** Dave Goetz  
**FROM:** Laurie Lee  
**DATE:** November 25, 2005  
**RE:** Contract Start Date

This is to request a start date for the Volunteer State Health Plan, Inc. contract in advance of 60 days after receipt of the non-competitive contract request.

This contract is for implementation of safety net services authorized by the Safety Net legislation passed in the General Assembly on May 28<sup>th</sup>, 2005. This contract will help those disenrolled who received a solid organ transplant under TennCare or Medicare with accessing needed medical and pharmaceutical services to sustain their transplant. Because of the time critical nature of this support for these individuals, it is in the State's best interest to start this program immediately.



**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
INSURANCE ADMINISTRATION**

312 Eighth Avenue North  
Suite 1300 William R. Snodgrass Tennessee Tower  
Nashville, Tennessee 37243  
Phone (615) 741-3590 or (800) 253-9981  
FAX (615) 741-8196

**Dave Goetz**  
COMMISSIONER

**Richard Chapman**  
DIRECTOR

**MEMORANDUM**

To: Robert Barlow

From: Paul Hauser *PH*

Date: December 2, 2005

Re: *Attached Request for Non-Competitive Amendment: Volunteer State Health Plan*

Laurie Lee informs me she has briefed you on the need for this document, which contains the required D. Goetz signature. If you have questions, please contact her directly at 3-2861.

Thank you.



# C O N T R A C T   S U M M A R Y   S H E E T

8-8-05

<b>RFS #</b>  <div style="text-align: center; font-weight: bold;">317.15-003-05</div>	<b>Contract #</b>  
<b>State Agency</b>  Finance and Administration	<b>State Agency Division</b>  Health Planning
<b>Contractor Name</b>  Volunteer State Health Plan, Inc.  801 Pine Street  Chattanooga, TN 37402-2555	<b>Contractor ID # (FEIN or SSN)</b>  <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V-                         </div> <div>62-1656610</div> </div>

**Service Description**

Administrative services to facilitate payment of immediate medical and drug services to identified individuals recently disenrolled from TennCare. Services are for those who have received a solid organ transplant paid for either by TennCare or Medicare.

<b>Contract Begin Date</b>	<b>Contract End Date</b>	<b>SUBRECIPIENT or VENDOR?</b>	<b>CFDA #</b>
09/01/05	08/31/06	Vendor	

**Mark, if Statement is TRUE**

<input checked="" type="checkbox"/> <b>Contractor is on STARS as required</b>	<input checked="" type="checkbox"/> <b>Contractor's Form W-9 is on file in Accounts as required</b>
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<b>Allotment Code</b>	<b>Cost Center</b>	<b>Object Code</b>	<b>Fund</b>	<b>Funding Grant Code</b>	<b>Funding Subgrant Code</b>
317.15	500	084	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006	\$5,000,000.00				\$5,000,000.00
<b>TOTAL:</b>					<b>\$5,000,000.00</b>

<b>— COMPLETE FOR AMENDMENTS ONLY —</b>			<b>State Agency Fiscal Contact &amp; Telephone #</b>	
<b>FY</b>	<b>Base Contract &amp; Prior Amendments</b>	<b>THIS Amendment ONLY</b>	Maureen Abbey 20 <sup>th</sup> Floor, Tennessee Tower, 312 8 <sup>th</sup> Ave. North Nashville, TN 37243 741-6070	
			<b>State Agency Budget Officer Approval</b>	
			<b>Funding Certification</b> (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)	
<b>TOTAL:</b>				
<b>End Date:</b>				

**Contractor Ownership**

<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

**Contractor Selection Method**

<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method
<input checked="" type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other

## REQUEST: NON-COMPETITIVE CONTRACT

APPROVED per F&A Commissioner  
signature belowMD Goetz  
Commissioner of Finance & Administration  
Date: 12-5-05

Each of the request items below indicates specific information that must be individually detailed or addressed as required.  
A request can not be considered if information provided is incomplete, non-responsive, or does not clearly address each of the requirements individually as required.

1) RFS #	317.15-003-05	
2) State Agency Name :	Health Planning	
3) Service Caption :	Safety Net Transplant assistance	
4) Proposed Contractor :	Volunteer State Health Plan, Inc.	
5) Contract Start Date : (attached explanation required if date is < 60 days after F&A receipt)	09/01/05	
6) Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	08/31/06	
7) Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$5,000,000	
8) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
9) Description of Service to be Acquired :		
Administrative services to facilitate payment of immediate medical and drug services to identified individuals recently disenrolled from TennCare. Services are for those who have received a solid organ transplant paid for either by TennCare or Medicare.		
10) Explanation of the Need for or Requirement Placed on the Procuring Agency to Acquire the Service :		
Starting in June, 2005, TennCare disenrolled a portion of the TennCare waiver population. Senate Bill No. 2300, amending TCA Title 71, Chapter 5, Part 1, authorizes the establishment of programs and services to expand and augment the health care safety net. This program will enable payment of critical medical and drug services for those disenrollees who received a solid organ transplant while on TennCare or Medicare.		
11) Explanation of Whether the Procuring Agency Bought the Service in the Past, & if so, What Procurement Method It Used :		
The Department has secured similar administrative services for the State employees health insurance program and for TennCare through competitive bid in the past. The Department has not secured limited-scope safety net services such as this in the past.		
12) Name & Address of the Proposed Contractor's Principal Owner(s) : (not required if proposed contractor is a state education institution)		
Volunteer State Health Plan, Inc.		
801 Pine Street		

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DEC 05 2005

Office of Contracts Review

C4-05  
# 739

**13) Evidence of the Proposed Contractor's Experience and Length of Experience Providing the Service :**

Volunteer State Health Plan is a licensed HMO affiliate of BlueCross BlueShield of Tennessee, Inc. (BCBST) and underwrites benefits for the BCBST managed care organization that contracts with TennCare. BCBST has been in business for over 50 years and is the largest health benefits company in the state. It is an independent, not-for-profit organization governed by its own board of directors.

**14) Documentation of Office for Information Resources Endorsement :**  
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**15) Documentation of Department of Personnel Endorsement :**  
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



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**16) Documentation of State Architect Endorsement :**  
(required only if the subject service involves construction or real property related services)

select one:



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Documentation Attached to this Request

**17) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :**

The Department did not pursue a competitive procurement alternative due to the critical need to implement a program quickly.

**18) Justification of Why the State Should Use Non-Competitive Negotiation Rather Than a Competitive Process :**  
(Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)

The Department determined that providing these services through the Volunteer State Health Plan enabled the provision of critically needed services on an expedited basis. As these individuals rely on very specific types of medications and services to maintain and protect the transplanted organ, speed in implementation is critical. In addition, the Volunteer State Health Plan has agreed to provide these administrative services at no cost to the State. The contract provided immediate implementation of the needed services while incurring no administrative expense, solely the cost of the medical and pharmaceutical services. Therefore, the Department determined that this contract is in the best interest of the State.

**REQUESTING AGENCY HEAD SIGNATURE & DATE :**

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

  
 Agency Head Signature

  
 Date

### **Procurement Process Summary**

The Department determined that providing these services through the Volunteer State Health Plan enabled the provision of critically needed services on an expedited basis. Because Volunteer State Health Plan currently serves TennCare patients and has a system in place to contact the patients in need of these services and the providers currently treating these patients, VSHP can implement this program quickly. As these individuals rely on very specific types of medications and services to maintain and protect the transplanted organ, speed in implementation is critical. In addition, the Volunteer State health Plan has agreed to provide these administrative services at no cost to the State through the end of this calendar year. Therefore, the contract provides the the needed services while incurring solely the cost of the medical and pharmaceutical services with no administrative expense up front.